

3 RECONSTRUCTION UPDATE



RECONSTRUCTION UPDATE CONTENTS

Status of Funds	63
Security	79
Governance	121
Economic and Social Development	155
Counternarcotics	193

Photo on previous page

An Afghan woman collects saffron flowers in a field on the outskirts of Herat. Parts of the flower are made into a costly spice and coloring agent. (AFP photo by Hoshang Hashimi)

RECONSTRUCTION UPDATE

This quarter, General John W. Nicholson Jr., commander of United States Forces-Afghanistan (USFOR-A), said that the Afghan National Defense and Security Forces (ANDSF) have reached a turning point in the war and are increasingly on the offensive, with all six ANA corps simultaneously conducting operations in their respective areas for the first time since the Afghans took responsibility for their security in 2015. Additionally, the expanded authorities provided to U.S. forces in Afghanistan have resulted in a significant uptick in U.S. air strikes and special operations against the insurgency, with the U.S. dropping 653 munitions in October 2017, a record high since 2012 and a more than three-fold increase from October 2016.

These actions have yet to increase the Afghan government's control over its population. General Nicholson said in a press briefing on November 28 that 64% of the population is under government control or influence, 12% are under insurgent control or influence, and the remaining 24% are in contested areas. The goal of the Afghan government is to control 80% of its population within the next two years.

Both General Nicholson and DOD reported population-control figures publicly this quarter, but restricted public release of the full district, population, and land-area control data they provided to SIGAR. Afghan government control or influence has declined and insurgent control or influence has increased overall since SIGAR began reporting control data in January 2016.

The United States Agency for International Development (USAID) is developing its new Country Development and Cooperation Strategy (CDCS), a first for Afghanistan. The strategy should be concluded by summer 2018. At present, USAID's strategic guidance remains the USAID/Afghanistan Plan for Transition (2015–2018).¹⁰² USAID recently commissioned an assessment of their current 2015–2018 strategy to inform development of the new CDCS. The assessment found that many key components of USAID's development approach in Afghanistan have not proven to be valid. USAID's transition plan envisioned that private sector-led economic growth would become the main source for increased Afghan government revenue. These new revenues would allow the Afghan government to take increasing responsibility for key service provision.

RECONSTRUCTION UPDATE

If Afghan government service delivery improved along with security and equitable rule of law, USAID expected that confidence in the legitimacy and effectiveness of the Afghan government would increase, ultimately fostering stability. According to the assessment, most of the critical assumptions that underpin the strategy are either partially or wholly invalid. For example, the Afghan economy showed slow growth, and the assessors said there is little evidence that the Afghan government has greatly improved development expenditures.¹⁰³

In spite of these findings, USAID officials and implementing partner staff said USAID's development approach—as outlined in the 2015–2018 strategy—remains valid. While some senior USAID officials reportedly questioned the overall goal of the strategy for Afghan-led, sustainable development (believing this goal to be largely aspirational), the assessors concluded that this did not question the validity of the underlying goals of expanding sustainable agriculture-led economic growth, maintaining and enhancing health, education and female empowerment gains, and improving the performance and legitimacy of the Afghan government.¹⁰⁴

This quarter, USAID told SIGAR that it is conducting an energy-sector assessment to ensure that its power infrastructure projects are aligned with the Trump Administration's new South Asia strategy announced on August 21, 2017. USAID said two key segments of its \$725 million Power Transmission and Connectivity (PTEC) program would be on hold until the review is complete.

SIGAR analysis this quarter showed that Afghan government revenue growth remained strong in FY 1396 (December 22, 2016–December 21, 2017). The Ministry of Finance categorizes domestic revenue as either “sustainable” or “one-off.” While sustainable domestic revenues increased by 15%, aggregate revenues grew by 7%, year-on-year from FY 1395 to FY 1396.

The United States has appropriated \$8.7 billion for counternarcotics efforts since 2002, but more Afghan land was under opium-poppy cultivation in 2017 than ever before. According to the United Nations Office of Drugs and Crime, cultivation levels increased 63% from the previous year to 328,000 hectares. Potential opium production levels increased 87% to 9,000 tons from 2016. Eradication levels also increased from the prior year's results, but the 750 hectares eradicated barely registered against the cultivation figure.

Under new authorities provided in the Administration's new South Asia strategy, the U.S. military launched a campaign targeting Taliban financial networks and revenue streams. According to DOD, since the launch of the campaign in November, 28 narcotics labs have been destroyed, denying over \$101 million in estimated revenue to drug-trafficking organizations and over \$20 million to the Taliban.¹⁰⁵ Afghan forces led air strikes with their A-29 attack planes, with support from U.S. Air Force aircraft such as B-52 bombers and F/A-18 and F-22 fighters.

RECONSTRUCTION UPDATE

At the end of the fiscal quarter, the U.S. government was operating under a continuing resolution for FY 2018. The Afghanistan reconstruction funding data presented in this report includes amounts made available for obligation under continuing resolutions. As of December 31, 2017, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$122.1 billion. Of the total cumulative amount appropriated for Afghanistan reconstruction, \$103.1 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. Approximately \$6.9 billion of this amount remained available for potential disbursement, as of December 31, 2017.

STATUS OF FUNDS CONTENTS

U.S. Reconstruction Funding for Afghanistan	64
Afghanistan Reconstruction Funding Pipeline	66
Afghanistan Security Forces Fund	68
ASFF Budget Activities	69
Commander's Emergency Response Program	70
Afghanistan Infrastructure Fund	71
Task Force for Business and Stability Operations	72
DOD Drug Interdiction and Counter-Drug Activities	73
Economic Support Fund	74
International Narcotics Control and Law Enforcement	75
International Reconstruction Funding for Afghanistan	76

STATUS OF FUNDS

STATUS OF FUNDS

To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of December 31, 2017, the United States had appropriated approximately \$122.09 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

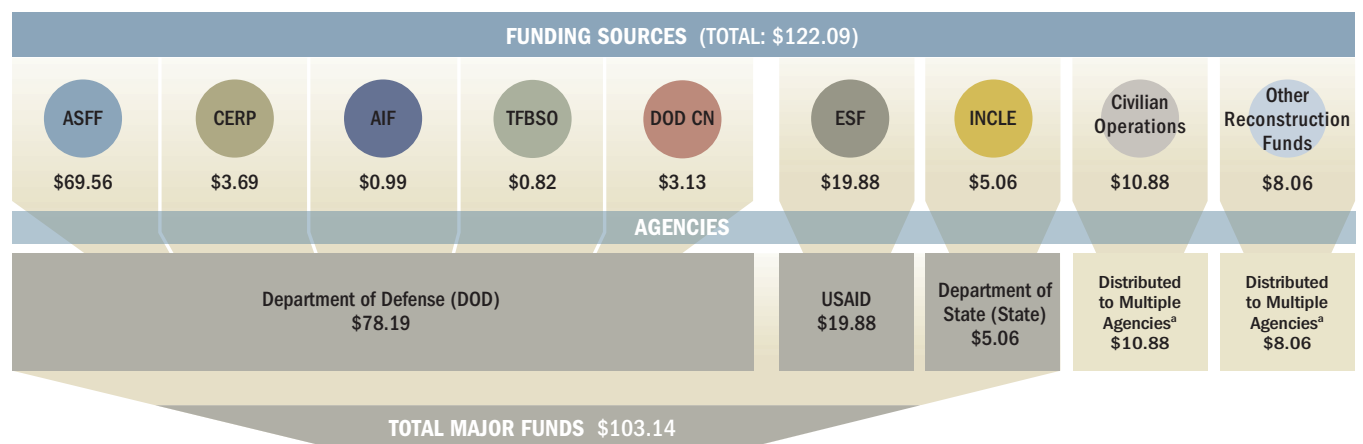
- \$74.83 billion for security (\$4.44 billion for counternarcotics initiatives)
- \$32.99 billion for governance and development (\$4.25 billion for counternarcotics initiatives)
- \$3.39 billion for humanitarian aid
- \$10.88 billion for civilian operations

- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International Narcotics Control and Law Enforcement

Figure 3.1 shows the major U.S. funds that contribute to these efforts.

FIGURE 3.1

U.S. FUNDS SUPPORTING AFGHANISTAN RECONSTRUCTION EFFORTS (\$ BILLIONS)

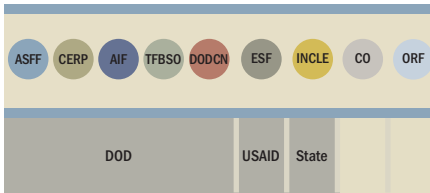


Note: Numbers have been rounded.

^a Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, BBG, and SIGAR.

Source: DOD, response to SIGAR data call, 1/17/2018, 1/11/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 1/17/2018, 1/10/2018, 10/13/2017, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 1/18/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2017,” 1/19/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

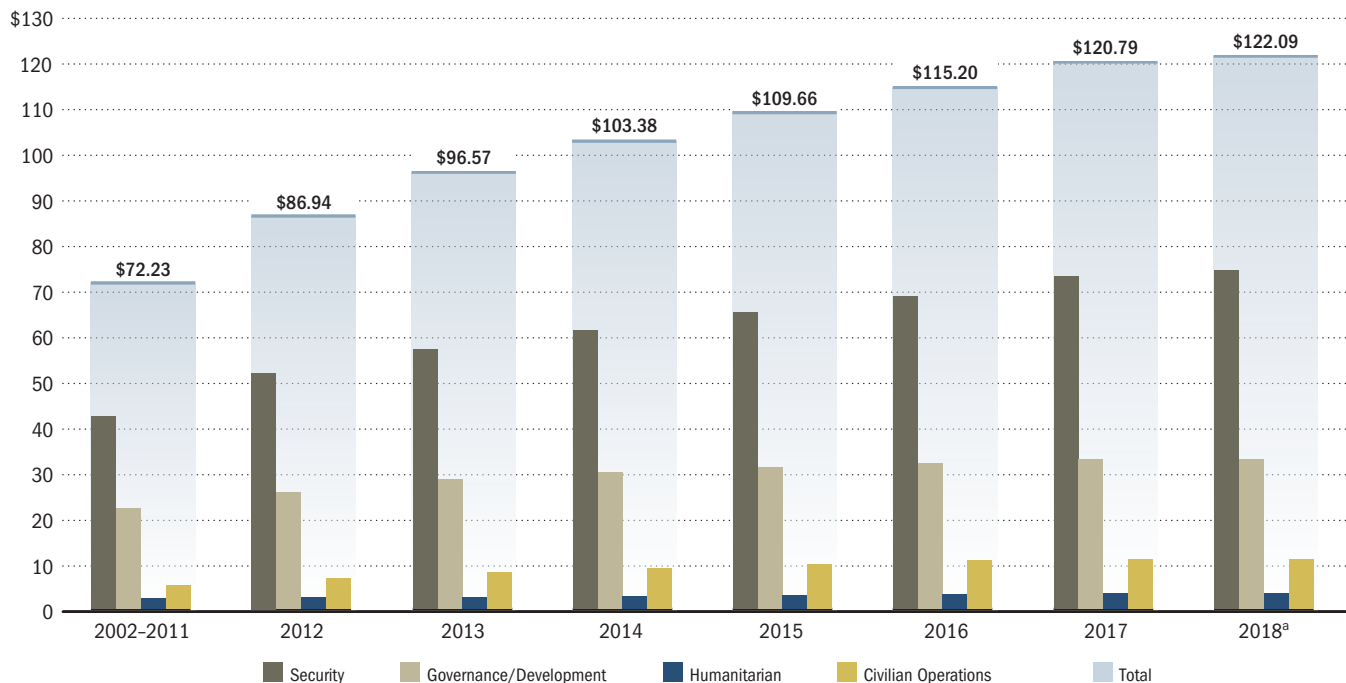


U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of December 31, 2017, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$122.09 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.69 billion of these funds support counternarcotics initiatives which cut across both the security (\$4.44 billion) and governance and development (\$4.25 billion) categories. For complete information regarding U.S. appropriations, see Appendix B. At the end of the fiscal quarter, the U.S. government was operating under a continuing resolution for FY 2018. As a result, Figure 3.3 shows the amount of FY 2018 funding made available for obligation under continuing resolutions, as of December 31, 2017.¹⁰⁶

The amount provided to the seven major U.S. funds represents nearly 84.5% (over \$103.14 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, more than 92.7% (almost \$95.66 billion) has been obligated, and nearly 88.4% (over \$91.15 billion) has been disbursed. An estimated \$5.10 billion of the amount appropriated for these funds has expired.

FIGURE 3.2
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF DECEMBER 31, 2017 (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, \$400 million from FY 2015 in Pub. L. No. 114-113, and \$150 million from FY 2016 in Pub. L. No. 115-31. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.
^a FY 2018 figure reflects amount made available for obligation under continuing resolutions.

Source: DOD, response to SIGAR data call, 1/17/2018, 1/11/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 1/17/2018, 1/10/2018, 10/13/2017, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 1/18/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2017," 1/19/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

The United States is still reviewing its previous policy aim of channeling at least 50% of its development assistance on-budget to the Government of Afghanistan.¹⁰⁷ This assistance is provided either directly to Afghan government entities or via contributions to multilateral trust funds that also support the Afghan government's budget.¹⁰⁸ Since 2002, the United States has provided nearly \$10.65 billion in on-budget assistance. This includes about \$5.70 billion to Afghan government ministries and institutions, and nearly \$4.95 billion to three multinational trust funds—the World Bank's Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme's Law and Order Trust Fund (LOTFA), and the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

TABLE 3.1

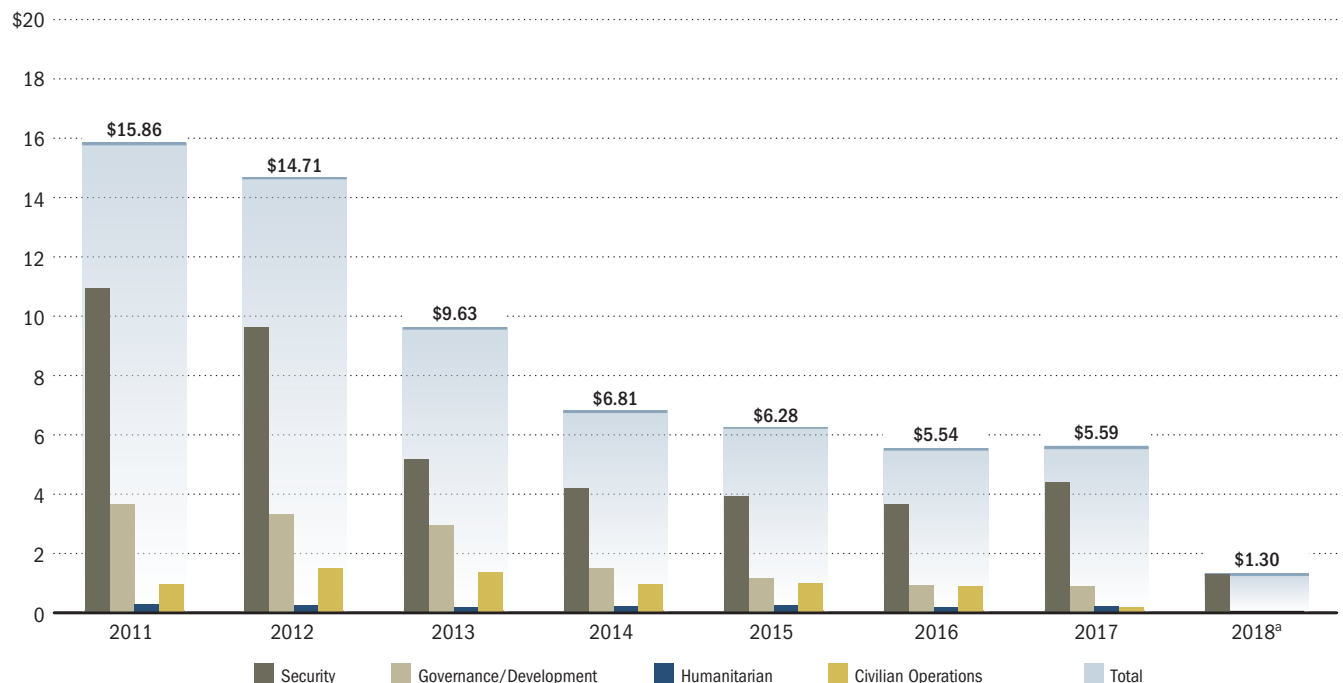
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-to-Government	
DOD	\$4,946
State	92
USAID	660
Multilateral Trust Funds	
LOTFA	\$1,667
ARTF	3,128
AITF	154

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of December 31, 2017, USAID had obligated approximately \$1.2 billion for government-to-government assistance.

Source: USAID, response to SIGAR data call, 1/17/2018; DOD, response to SIGAR data call, 6/25/2015; World Bank, ARTF: Administrator's Report on Financial Status as of November 21, 2017 (end of 11th month of FY 1396), p. 4; UNDP, response to SIGAR data call, 1/14/2018.

FIGURE 3.3

APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND CATEGORY (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, \$400 million from FY 2015 in Pub. L. No. 114-113, and \$150 million from FY 2016 in Pub. L. No. 115-31. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

^a FY 2018 figure reflects amount made available for obligation under continuing resolutions.

Source: DOD, response to SIGAR data call, 1/17/2018, 1/11/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 1/17/2018, 1/10/2018, 10/13/2017, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 1/18/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2017," 1/19/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated approximately \$122.09 billion for Afghanistan relief and reconstruction. Of this amount, \$103.14 billion (84.5%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

FIGURE 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

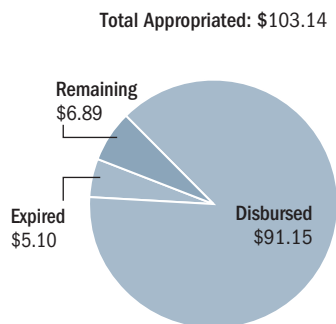


TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2017 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$69.56	\$65.48	\$64.60	\$2.47
Commander's Emergency Response Program (CERP)	3.69	2.28	2.28	0.00
Afghanistan Infrastructure Fund (AIF)	0.99	0.77	0.70	0.07
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.65	0.11
DOD Drug Interdiction and Counter-drug Activities (DOD CN)	3.13	3.13	3.13	0.00
Economic Support Fund (ESF)	19.88	18.46	15.69	3.42
International Narcotics Control & Law Enforcement (INCLE)	5.06	4.78	4.10	0.83
Total Major Funds	\$103.14	\$95.66	\$91.15	\$6.89
Other Reconstruction Funds	8.06			
Civilian Operations	10.88			
Total	\$122.09			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$5.1 billion that expired without being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 1/20/2018.

As of December 31, 2017, approximately \$6.89 billion of the amount appropriated to the seven major reconstruction funds remained for possible disbursement, as shown in Figure 3.4. These funds will be used to train, equip, and sustain the ANDSF; complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

At the end of this quarter, the U.S. government was operating under a continuing resolution. The President's budget request for FY 2018, if enacted, would provide \$4.94 billion for the ASFF—the highest level for the fund since FY 2013, and an increase of \$674.8 million over the FY 2017 appropriation.¹⁰⁹

STATUS OF FUNDS

Congress appropriated more than \$15.15 billion to the seven major reconstruction funds for FY 2014–2016: \$5.63 billion for FY 2014, \$5.03 billion for FY 2015, and \$4.49 billion for FY 2016. Of the combined total, more than \$2.63 billion remained for possible disbursement, as of December 31, 2017, as shown in Table 3.3 and Figure 3.5.

TABLE 3.3

FY 2014–2016 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$11,403.93	\$11,253.38	\$10,701.04	\$552.34
CERP	45.00	11.17	11.01	0.16
AIF	144.00	130.81	72.45	58.36
TFBSO	122.24	106.52	86.00	20.52
DOD CN	377.72	377.72	377.72	0.00
ESF	2,372.17	2,225.52	694.92	1,530.60
INCLE	685.00	684.66	213.38	471.27
Total Major Funds	\$15,150.06	\$14,789.78	\$12,156.53	\$2,633.25

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$294 million that expired without being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 1/20/2018.

Congress appropriated more than \$5.21 billion to five of the seven major reconstruction funds for FY 2017. Of that amount, more than \$1.75 billion remained for possible disbursement, as of December 31, 2017, as shown in Table 3.4 and Figure 3.6.

TABLE 3.4

FY 2017 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$4,262.72	\$3,568.89	\$3,311.35	\$951.36
CERP	5.00	4.92	3.61	1.31
DOD CN	135.61	135.61	135.61	0.00
ESF	650.00	0.00	0.00	650.00
INCLE	160.00	14.01	8.79	151.21
Total Major Funds	\$5,213.32	\$3,723.43	\$3,459.35	\$1,753.89

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 1/20/2018.

FIGURE 3.5

FY 2014–2016 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

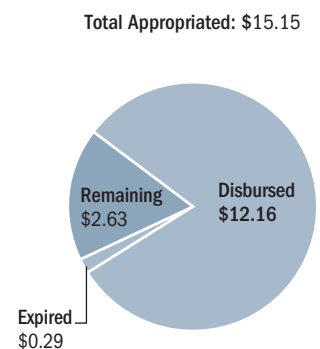
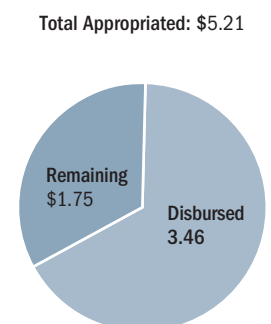
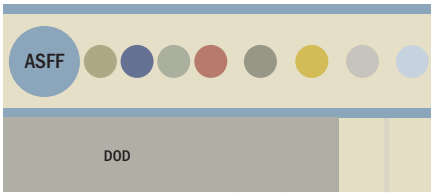


FIGURE 3.6

FY 2017 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)



STATUS OF FUNDS



ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.¹¹⁰ The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.¹¹¹ A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.¹¹²

DOD reported that nearly \$1.30 billion had been made available for obligation under FY 2018 continuing resolutions, as of December 31, 2017, increasing total cumulative funding to more than \$69.56 billion since 2005, as shown in Figure 3.7.¹¹³ Of this amount, more than \$65.48 billion had been obligated, of which over \$64.60 billion had been disbursed.¹¹⁴ The President requested a total of \$4.94 billion for the ASFF for FY 2018.¹¹⁵

DOD reported that cumulative obligations increased by more than \$25.17 million over the quarter, and cumulative disbursements increased by nearly \$1.07 billion.¹¹⁶ Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR
(\$ BILLIONS)

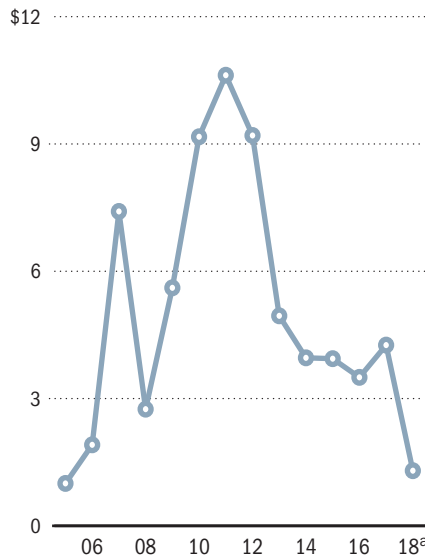
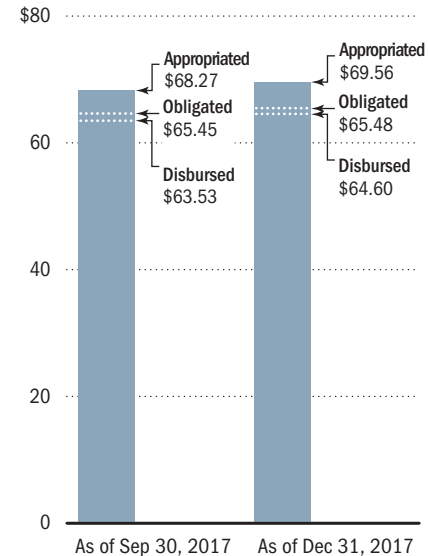


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflects reprogramming actions and rescissions. DOD reprogrammed \$1 billion of FY 2011, \$1 billion of FY 2012, and \$178 million of FY 2013 out of the ASFF to fund other DOD requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. Pub. L. No. 115-31 rescinded \$150 million from FY 2016. Pub. L. No. 113-6 rescinded \$1 billion from FY 2012. Pub. L. No. 113-235 rescinded \$764.38 million from FY 2014. Pub. L. No. 114-113 rescinded \$400 million from FY 2015.

^a FY 2018 figure reflects amount made available for obligation under continuing resolutions.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2017," 1/19/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (Draft)," 10/18/2017; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, and 113-6; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016.

STATUS OF FUNDS

ASFF BUDGET ACTIVITIES

DOD allocates funds to three budget activity groups within the ASFF:

- Defense Forces (Afghan National Army, ANA)
- Interior Forces (Afghan National Police, ANP)
- Related Activities (primarily Detainee Operations)

Funds for each **budget activity group** are further allocated to four **sub-activity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.¹¹⁷ The AROC must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and any non-standard equipment requirement in excess of \$100 million.¹¹⁸

As of December 31, 2017, DOD had disbursed nearly \$64.60 billion for ANDSF initiatives. Of this amount, more than \$43.47 billion was disbursed for the ANA, and nearly \$20.66 billion was disbursed for the ANP; the remaining \$388.74 million was directed to related activities such as detainee operations. The combined total—\$64.52 billion—is about \$80.76 million lower than the cumulative total disbursed due to an accounting adjustment which arises when there’s a difference between the amount of disbursements or collections reported to the Defense Finance and Accounting Service and the Department of the Treasury.¹¹⁹

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly \$20.40 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$8.71 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.¹²⁰

Budget Activity Groups: categories within each appropriation or fund account that identify the purposes, projects, or types of activities financed by the appropriation or fund

Sub-activity Groups: accounting groups that break down the command’s disbursements into functional areas

Source: DOD, *Manual 7110.1-M Department of Defense Budget Guidance Manual*, accessed 9/28/2009; Department of the Navy, *Medical Facility Manager Handbook*, p. 5, accessed 10/2/2009.

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005-DEC 31, 2017 (\$ BILLIONS)

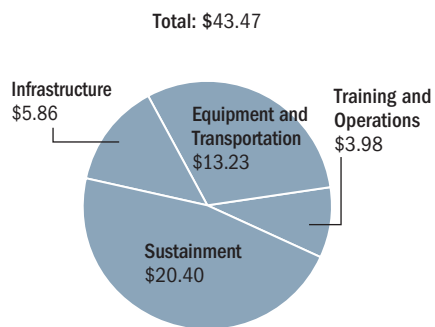
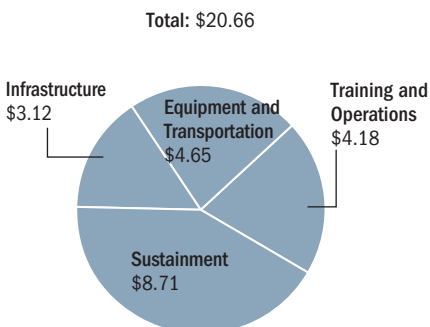


FIGURE 3.10

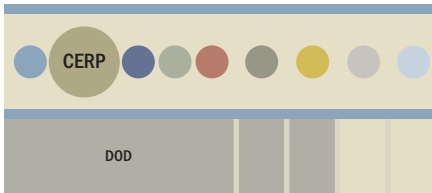
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005-DEC 31, 2017 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2017,” 1/19/2018.

STATUS OF FUNDS



CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/14/2010.

COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects that are estimated to cost less than \$500,000 each.¹²¹ CERP-funded projects may not exceed \$2 million each.¹²²

DOD reported that \$371,177 had been made available for obligation under FY 2018 continuing resolutions, as of December 31, 2017. Figure 3.11 displays the amounts appropriated for CERP by fiscal year. As of December 31, 2017, total cumulative funding for CERP amounted to more than \$3.68 billion. Of this amount, more than \$2.28 billion had been obligated, of which nearly \$2.28 billion had been disbursed.¹²³

Over the quarter, DOD obligated \$289,023 and disbursed nearly \$2.36 million from CERP.¹²⁴ Figure 3.12 provides a cumulative comparison of amounts made available, obligated, and disbursed for CERP.

FIGURE 3.11

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

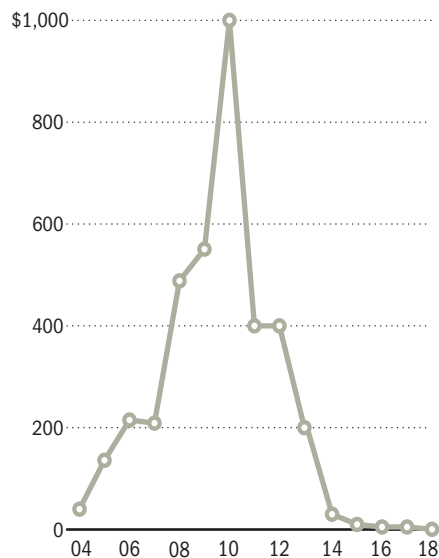
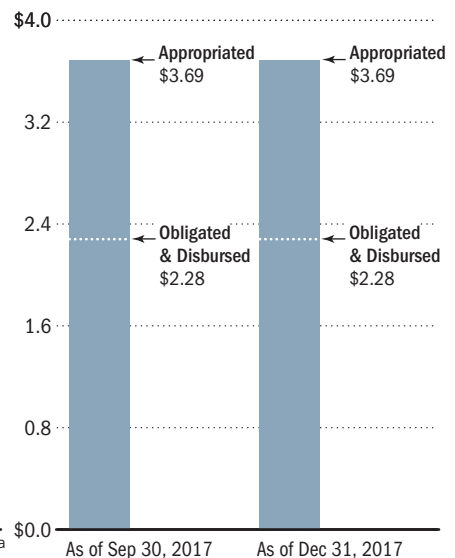


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers. Analysis includes data from a draft DOD financial report because the final version had not been completed when this report went to press.

^a FY 2018 figure reflects amount made available for obligation under continuing resolutions.

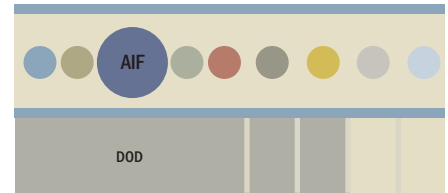
Source: DOD, response to SIGAR data call, 1/17/2018 and 10/18/2017; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10.

AFGHANISTAN INFRASTRUCTURE FUND

The AIF was established in FY 2011 to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort. Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.¹²⁵ The AIF received appropriations from FY 2011 through FY 2014. Although the AIF no longer receives appropriations, many projects remain in progress, and DOD may obligate up to \$50 million from the ASFF to complete existing AIF projects.¹²⁶ On September 22, DOD notified Congress that up to \$8 million of the FY 2017 ASFF appropriation will be used to fund the completion of the Northeast Power System Arghandi to Gardez Phase I project.¹²⁷

The AIF received cumulative appropriations of over \$1.32 billion; however, \$335.50 million of these funds were transferred to the Economic Support Fund (ESF) for USAID's power transmission lines projects, bringing the cumulative amount remaining in the AIF to \$988.50 million.¹²⁸

Figure 3.13 shows AIF appropriations by fiscal year. As of December 31, 2017, more than \$773.71 million of total AIF funding had been obligated, and nearly \$704.20 million had been disbursed, as shown in Figure 3.14.¹²⁹



AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2012.

FIGURE 3.13

AIF APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

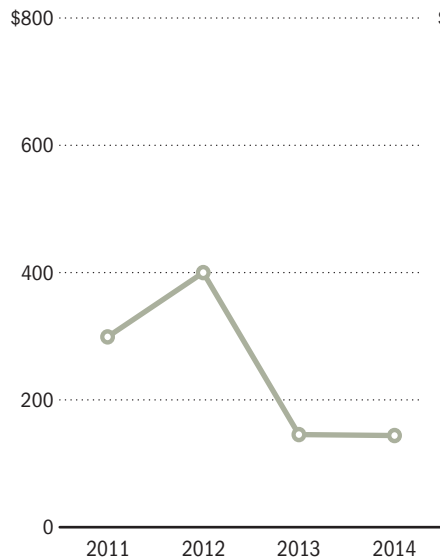
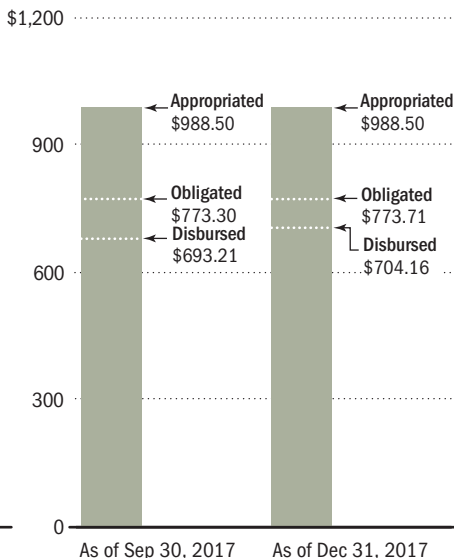


FIGURE 3.14

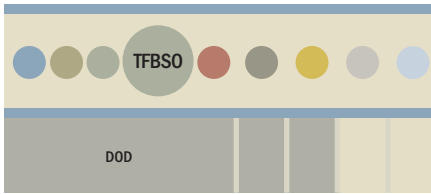
AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to USAID's Economic Support Fund: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2017," 1/19/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (Draft)," 10/18/2017; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

STATUS OF FUNDS



TFBSO FUNDS TERMINOLOGY

DOD reported TFBSO funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the TFBSO began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.¹³⁰

During the quarter, DOD adopted a new accounting system for certain accounts, which included TFBSO. The new system did not report TFBSO expenditures properly, so last quarter's data is presented in this report.¹³¹ Little, if any, change was expected over the quarter since TFBSO is inactive.

Through September 30, 2017, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, nearly \$754.43 million had been obligated and more than \$648.73 million had been disbursed.¹³² Figure 3.15 displays the amounts appropriated for the TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.

FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

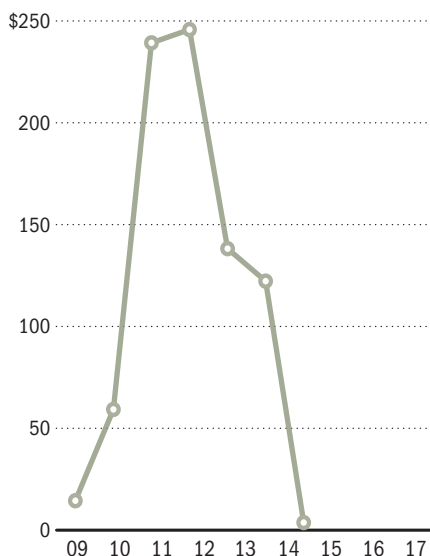
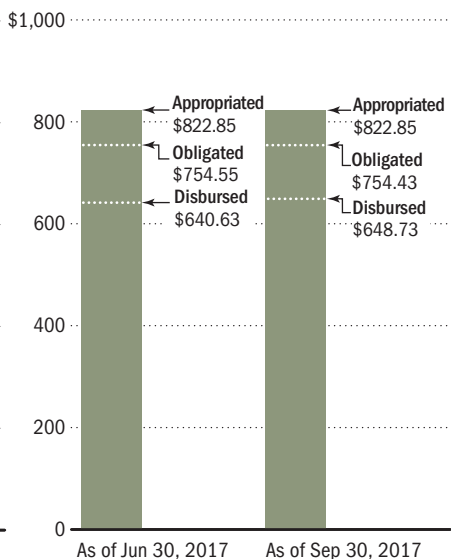


FIGURE 3.16

TFBSO FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: TFBSO was unable to provide updated data this quarter due to an accounting system change. Numbers have been rounded. Of the \$822.85 million appropriated the TFBSO, \$366.05 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

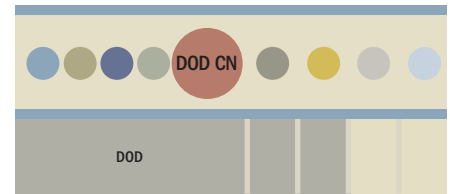
Source: DOD, response to SIGAR data call, 10/12/2017, 7/17/2017, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, 112-10.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The DOD Drug Interdiction and Counter-drug Activities (DOD CN) fund supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.¹³³

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.¹³⁴

DOD reported no additional funding for DOD CN under FY 2018 continuing resolutions during the quarter. DOD CN received nearly \$135.61 million for Afghanistan for FY 2017, bringing cumulative funding for DOD CN to more than \$3.13 billion since FY 2004, all of which had been transferred to the military services and defense agencies for DOD CN projects, as of December 31, 2017.¹³⁵ Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



DOD CN FUNDS TERMINOLOGY

DOD reported DOD CN funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

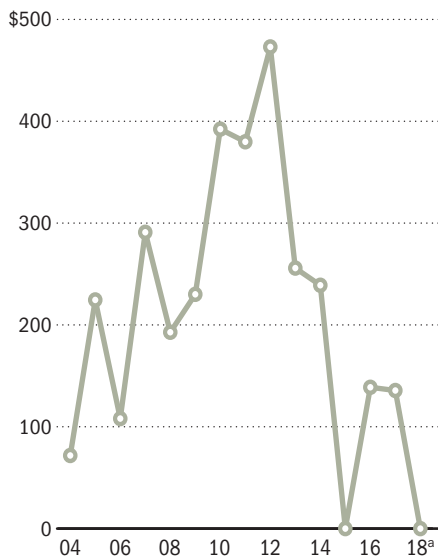
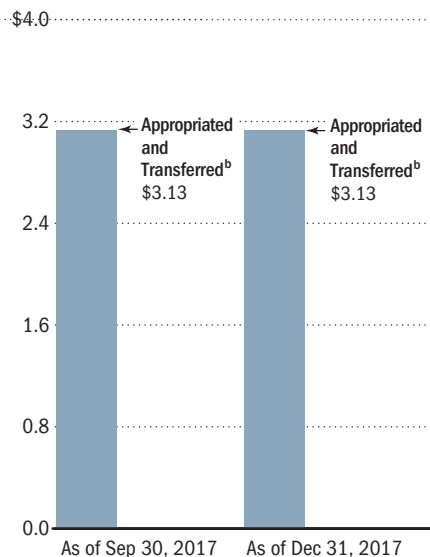


FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



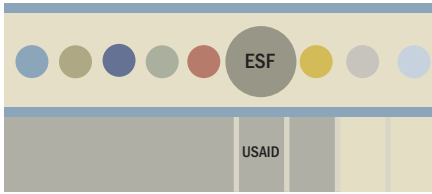
Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

^a For FY 2018, DOD reported a planned budget of \$121.5 million but had not received or transferred FY 2018 funds under continuing resolutions, as of December 31, 2017.

^b DOD reprograms all DOD CN funds to the military services and defense agencies for obligation and disbursement.

Source: DOD, response to SIGAR data call, 10/18/2017 and 6/25/2017; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

STATUS OF FUNDS



ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: USAID, response to SIGAR data call, 4/15/2010.

ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.¹³⁶

The ESF was appropriated \$650 million for FY 2017, and USAID reported no additional funding under FY 2018 continuing resolutions, resulting in no change to ESF's cumulative funding of \$19.88 billion, which includes amounts transferred from AIF to the ESF for USAID's power transmission lines projects. Of this amount, nearly \$18.46 billion had been obligated, of which more than \$15.69 billion had been disbursed.¹³⁷ Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported no increase in cumulative obligations over the quarter, while cumulative disbursements increased by more than \$129.59 million over the amount reported last quarter.¹³⁸ Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)

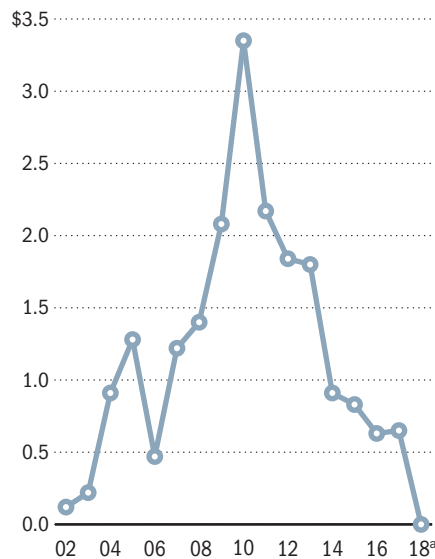
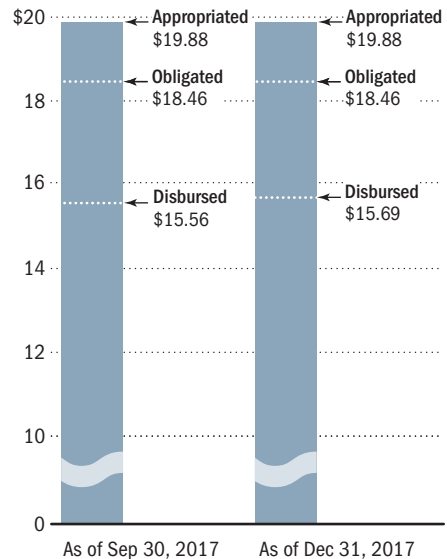


FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to the ESF: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014. FY 2016 ESF for Afghanistan was reduced by \$179 million and put toward the U.S. commitment to the Green Climate Fund.

^a FY 2018 figure reflects amount made available for obligation under continuous resolutions.

Source: USAID, response to SIGAR data call, 1/18/2018 and 10/16/2017; State, response to SIGAR data call, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

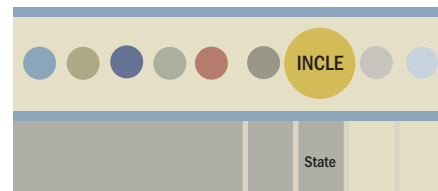
STATUS OF FUNDS

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages the International Narcotics Control and Law Enforcement (INCLE) account which funds projects and programs for advancing rule of law and combating narcotics production and trafficking. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.¹³⁹

State reported that INCLE was appropriated \$160 million for FY 2017 and received an additional \$2.08 million during the quarter under continuing resolutions. As of December 31, 2017, total cumulative funding was more than \$5.06 billion. Of this amount, nearly \$4.78 billion had been obligated, of which nearly \$4.10 billion had been disbursed.¹⁴⁰ Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of December 31, 2017, increased by more than \$15.35 million and cumulative disbursements increased by nearly \$54.69 million from the amounts reported last quarter. Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

INL reported INCLE and other INL funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: State, response to SIGAR data call, 4/9/2010.

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

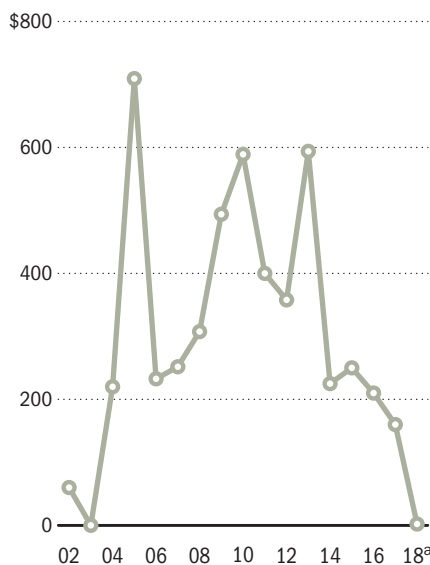
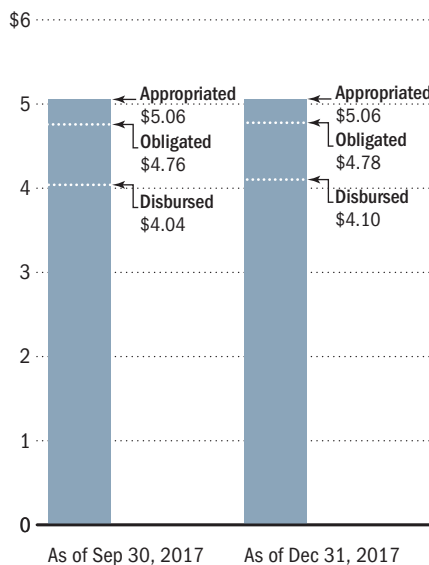


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers. Previous quarter's figures reflect an INL correction to the amount disbursed and differ from amounts reported last quarter.

^a FY 2018 figure reflects amount made available for obligation under continuing resolutions.

Source: State, response to SIGAR data call, 1/17/2017, 10/11/2017, and 10/10/2017.

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

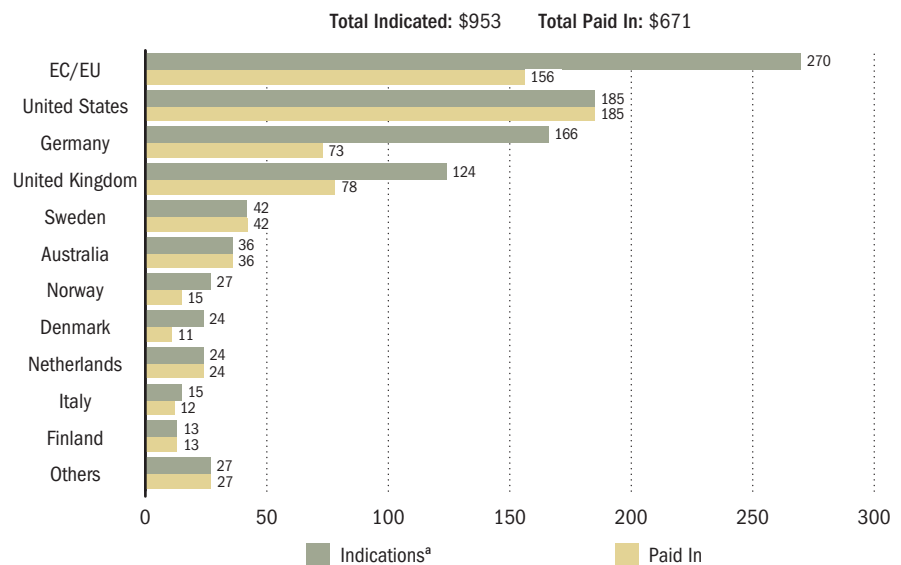
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. Most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).¹⁴²

Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to November 21, 2017, the World Bank reported that 34 donors had indicated contributions of nearly \$10.46 billion, of which almost \$10.17 billion had been paid in.¹⁴³ According to the World Bank, donors had indicated contributions of \$953.41 million to the ARTF for Afghan fiscal year 1396, which runs from December 22, 2016, to December 21, 2017. Figure 3.23 shows the 11 largest donors to the ARTF for FY 1396. Contributions are recorded as indicated when written notification is received from the ARTF partners indicating intent to contribute a specified amount.¹⁴⁴

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1396 BY DONOR, AS OF NOVEMBER 21, 2017 (\$ MILLIONS)



Note: Numbers have been rounded. FY 1396 = 12/22/2016–12/21/2017.

^a Contributions are recorded as “indicated” when written notification is received from the ARTF partners indicating intent to contribute a specified amount.

Source: World Bank, “ARTF: Administrator’s Report on Financial Status as of November 21, 2017 (end of 11th month of FY 1396).” p. 1.

STATUS OF FUNDS

As of November 21, 2017, the United States had indicated and paid in contributions of nearly \$3.13 billion since 2002.¹⁴⁵ The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing 48% of its total funding, as shown in Figure 3.24.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.¹⁴⁶ As of November 21, 2017, according to the World Bank, nearly \$4.57 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.¹⁴⁷ The RC Window supports the operating costs of the Afghan government because the government’s domestic revenues continue to be insufficient to support its recurring costs.¹⁴⁸

The Investment Window supports the costs of development programs. As of November 21, 2017, according to the World Bank, nearly \$4.88 billion had been committed for projects funded through the Investment Window, of which almost \$4.06 billion had been disbursed. The World Bank reported 30 active projects with a combined commitment value of nearly \$3.54 billion, of which more than \$2.72 billion had been disbursed.¹⁴⁹

Contributions to the Law and Order Trust Fund for Afghanistan

The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).¹⁵⁰ Since 2002, donors have pledged nearly \$5.49 billion to the LOTFA, of which more than \$5.19 billion had been paid in, as of January 14, 2018. The United States has committed and paid in nearly \$1.67 billion since the fund’s inception.¹⁵¹ Figure 3.25 shows the four largest donors to the LOTFA since 2002.

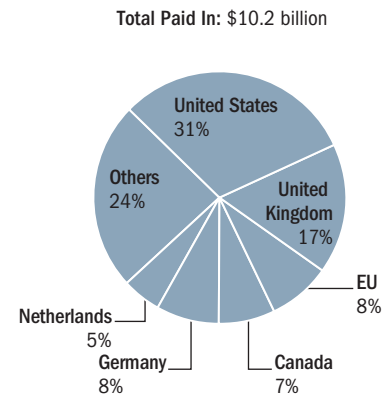
On December 18, 2016, the LOTFA Project Board extended the Support to Payroll Management (SPM) project through December 31, 2017, after assessments commissioned by UNDP revealed that the MOI had not yet met various critical donor conditions for the transition of payroll management. The board also approved a multi-year extension of the MOI and Police Development (MPD) project. The MPD project focuses on institutional development of the MOI and police professionalization of the ANP and will now run through December 31, 2020. The SPM and MPD projects were established at the start of the LOTFA’s eighth phase on July 1, 2015, and were initially planned to run through December 31, 2016.¹⁵²

After the extension, the SPM project’s budget was raised from \$850.56 million to \$1.12 billion—the majority of which will be transferred from the UNDP Country Office to the Ministry of Finance (MOF) for ANP and Central Prison Directorate staff remunerations. The MPD project’s budget was also increased from \$33 million to a new total of \$110.78 million.¹⁵³

From July 1, 2015, through September 30, 2017, UNDP had expended nearly \$985.15 million on the SPM project. Of this amount, nearly \$976.59 million was transferred to the MOF to pay for ANP and CPD staff. In addition, nearly \$29.58 million was expended on the MPD project.¹⁵⁴

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–NOVEMBER 21, 2017

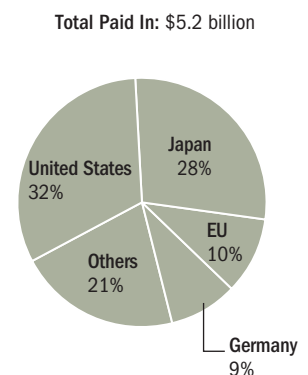


Note: Numbers have been rounded. “Others” includes 28 donors.

Source: World Bank, “ARTF: Administrator’s Report on Financial Status as of November 21, 2017 (end of 11th month of FY 1396),” p. 4.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF JANUARY 14, 2018



Note: Numbers have been rounded. EU = European Union. “Others” includes 26 donors.

Source: UNDP, response to SIGAR data call, 1/14/2018.